



To: All IHCD HOME and CDBG Recipients
From: IHCD Community Development Department
Date: May 15, 2008

Notice: FSP-08-04

Re: HOME and CDBG Administrative Funds Draw Policy

Effective immediately, only 25% of administrative expenses can be claimed at the beginning of the housing activity without associated construction activity. Following the release of 25% of the administrative funds, all additional requests for administrative funds will be honored at a rate that is less than or equal to the draw rate of hard cost line items. **See examples on the next page.** Administrative funds are defined as costs required to administer the IHCD award and to comply with the regulations associated with the award.

Eligible administrative costs include: Communication costs, Housing activity related training, Housing activity related travel, Lead-based paint training, Materials, supplies, Photocopying, Postage, Rent and utilities, and Staff time or professional services related to reporting, compliance, monitoring, or financial management.

Ineligible costs include costs associated with preparing HOME or CDBG grant applications. Administrative expenditures, including program delivery and environmental review costs, cannot exceed 20% of the HOME or CDBG award.

This policy is retroactive to include all recipients who have not drawn down 25% of HOME/CDBG administrative costs as of the date of this notice. If you have questions about the amount of administrative funds remaining, please contact your Community Development Representative.

Example: Award # AA-001-001

Total Award Amount	\$500,000
Total Administration Funds (5% of award)	\$25,000
Draw #1 – Administrative Only	<u>-\$6,250</u> (25% of total administration funds)
	\$18,750 remaining

The \$18,750 remaining can be drawn in conjunction with claims submitted for an equal percentage of hard costs:

	Hard Costs	Admin Costss
Total Award Remaining	\$475,000	\$18,750.00
Draw #2 (21%)	<u>\$100,000</u>	<u>\$3,937.50</u>
Amount Remaining	\$375,000	\$14,812.50

In Draw #2, the grantee has claimed \$100,000 (21%) of the remaining award in hard costs. Note that the amount of HOME/CDBG administrative funds is also 21%, or \$3,937.50, which is the maximum amount of administrative funds that can be drawn based on the percentage of HOME/CDBG hard costs being drawn.